



Miscellaneous Sales and Use Tax Changes

Informational Bulletin

October 1999

Director Glen L. Bower**For information
or forms...**

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To:**Retailers and Servicepersons**

Following is a summary of changes in Illinois Sales and Use Tax.

**Thirty percent gasohol
exemption extended**

Effective June 30, 1998, the exemption from sales tax of 30 percent of adjusted taxable gasohol receipts has been extended from July 1, 1999, until July 1, 2003.

**New exemption for game
birds**

Effective July 20, 1999, sales of game birds at "game-breeding and hunting preserve areas" or "exotic game hunting areas" as those terms are used in the Wildlife Code are exempt from sales and use tax. Also exempt are sales of game birds at hunting enclosures approved through rules adopted by the Illinois Department of Natural Resources.

**Change in definition of
"rolling stock"**

Effective August 14, 1999, the definition of "rolling stock" items whose purchase is exempt from sales and use tax has been changed to require that qualified vehicles carry persons or property for hire in interstate commerce **on 15 or more occasions within a 12-month period**. Previous requirements for frequency of use were more general, referring to "regular and frequent" usage.

**Expanded definition of
exempt not-for-profit arts
or cultural organizations**

Effective August 6, 1999, the definition of not-for-profit organizations that are

exempt from sales and use tax is expanded to include cultural organizations that are organized and operated for the presentation or support of arts or cultural programming, activities, or service. These organizations include, but are not limited to, music and dramatic arts organizations such as symphony orchestras and theatrical groups, arts and cultural service organizations, local arts councils, visual arts organizations, and media arts organizations.

**New exemption for sale of
automatic vending
machines**

Effective January 1, 2000, sales of new or used automatic vending machines that prepare and serve hot food or beverages, including repair and replacement parts for such machines, are exempt from sales and use tax. Machines of this type include those that prepare and serve coffee, soup, and other hot food or beverage items.

**Restricted definition of
"fair market value"**

Effective August 13, 1999, when a lessor purchases a vehicle for which a lease with an interstate carrier is in effect or executed at the time of purchase, the "fair market value" of the vehicle at the time the lease ends and the use of the vehicle reverts to the lessor is restricted to an amount **equal to or less than the original purchase price** paid by the lessor.



Food sold by day care centers taxed at the “low” rate

Effective August 13, 1999, sales of food by licensed day care centers for immediate consumption are subject to sales tax at the 1 percent “low” rate rather than the rate for general merchandise, which is higher and varies with the location of sale.

Change in definition of “graphic arts production”

Effective August 13, 1999, the definition of “graphic arts production” is updated to refer to the current North American Industry Classification System published by the U.S. Office of Management and Budget, 1997 edition. This change clarifies the types of machinery that qualify for the graphic arts sales and use tax exemption, permitting some newer technologies such as ink-jet printing, but excluding photocopying, software, and audio-books.

New exemption for motor vehicles donated to organizations operated for educational purposes

Effective August 20, 1999, motor vehicles that are donated to organizations determined by the Illinois Department of Revenue to be organized and operated exclusively for educational purposes are exempt from sales and use tax. Such organizations may include public and private schools.

New exemption for items (including food) purchased through fund-raising events for public or private schools

Effective January 1, 2000, sales of items, including food, purchased through fund-raising events for the benefit of public or private elementary or secondary schools are exempt from sales and use tax. The fund-raising events must be sponsored by an entity recognized by the school district and must consist primarily of volunteers and include parents and teachers. Excluded from this exemption are sales that benefit private home instruction and sales in which the sponsoring entity purchases the items to be sold at the fund-raising event from another entity that sold the items for the purpose of resale and that profits from the sale to the fund-raising entity.